

Message Text

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67

ACTION EUR-10

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8454

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L LONDON 02834

LIMDIS

DEPARTMENT ALSO PASS TREASURY AND FRB

EE.O. 11652: XGDS-1

TAGS: EFIN, UK

SUBJECT: AMBASSADOR'S CALL ON CHANCELLOR OF THE EXCHEQUER
DENIS HEALEY

FOR SECRETARIES KISSINGER AND SHULTZ FROM AMBASSADOR
ANNENBERG

1. ON MARCH 6, I CALLED ON CHANCELLOR OF THE EXCHEQUER
DENIS HEALEY. I WAS ACCOMPANIED BY ROBERT BRAND, MINISTER
FOR ECONOMIC/COMMERCIAL AFFAIRS AND JAMES AMMERMAN, U.S.
TREASURY REPRESENTATIVE AND FINANCIAL ATTACHE.

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2. HEALEY ASKED THAT WE EXPRESS GREAT APPRECIATION FOR

SECRETARY SHULTZ'S PROMPT LETTER OF CONGRATULATIONS, WHICH AMMERMAN DELIVERED. HEALEY SAID HE WOULD REPLY PERSONALLY BUT ALSO EXPRESSED HIS OWN ANTICIPATION IN WORKING CLOSELY WITH SECRETARY SHULTZ IN THE FUTURE. HEALEY WENT OUT OF HIS WAY TO EXPRESS GRATITUDE FOR SECRETARY SHULTZ'S PAST KINDNESSES, INCLUDING MEETING LAST OCTOBER WHEN THEY HAD DISCUSSED INCOMES POLICY. HEALEY ALSO CITED HIS FRIENDSHIP WITH SECRETARY KISSINGER, AND LOOKED FORWARD TO SEEING THE SECRETARY AGAIN.

3. HEALEY SAID THE LABOUR GOVERNMENT'S TAKING OF POWER WOULD BRING CHANGES IN TWO MAJOR INTERNATIONAL AREAS WHERE LABOUR WAS UNHAPPY WITH THE HEATH GOVERNMENT'S PERFORMANCE, I.E., ON EC POLICIES AND MEMBERSHIP AND ON THE ENERGY PROBLEM. LABOR'S POLICIES WOULD BE MORE COMPATIBLE WITH U.S. POSITIONS ON BOTH THE POINTS. HE SAID THIS WILL LUBRICATE THE WHEELS. THERE SHOULD BE FAVORABLE SPIN OFF ELSEWHERE, AND THIS WOULD BE ALL TO THE GOOD.

4. I SPECIFICALLY ASKED HEALEY HOW HE SAW THE FRENCH POSITION IN THE EC. HE WAS CRITICAL OF THE FRENCH AND REPLIED THAT A MAJOR RISK IN ACHIEVING EC UNITY IS THAT IT WILL BE AT THE EXPENSE OF WRECKING THE NORTH ATLANTIC RELATIONSHIP. THIS RISK IS FELT INCREASINGLY IN GERMANY, HOLLAND, CERTAINLY IN THE U.K. AND IN MOST OF THE OTHER EC COUNTRIES EXCEPT FRANCE. THE U.K. WANTS TO GIVE PRIORITY TO MENDING FENCES IN THE NORTH ATLANTIC COMMUNITY AND TO BREAKING DOWN A FEW IN THE EC. CLOSER RELATIONSHIPS WITH THE U.S. ARE A MAJOR AIM.

5. HEALEY REMARKED THAT HE HAS ONLY BEEN IN OFFICE ONE DAY. HIS OVERRIDING CONSIDERATIONS ARE CONSULTATIONS WITH THE TRADE UNIONS AND MANAGEMENT, AIMED AT GETTING THE COUNTRY BACK TO WORK, AND THE PREPARATION OF A TOUGH BUDGET, WHICH HE SAID WILL BE PRESENTED IN THE LAST WEEK IN MARCH. HEALEY RECALLED THAT IN HIS ELECTORAL CAMPAIGN HE CITED THE NEED FOR AN AUSTERITY BUDGET. THE PEOPLE HAVE BEEN WARNED IN ADVANCE. THEY EXPECT IT, AND ARE WILLING TO ACCEPT IT. HE COULD NOT BE SPECIFIC ON JUST
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WHAT TAXES WOULD BE CHANGED, BUT DID SAY THAT FORMER CHANCELLOR BARBER'S TAX CONCESSIONS TO THE RICH WOULD BE WITHDRAWN.

6. HEALEY SEEMED CONFIDENT, OBVIOUSLY DELIGHTED TO BE BACK IN POWER. THE MOST STRIKING THING ABOUT OUR CONVERSATION WAS HIS VERY STRONG DESIRE TO SEE U.K. AND U.S. POLICIES ON THE EC AND ENERGY MORE

IN HARMONY, AND HIS CRITICAL VIEW OF THE SHORT SIGHTEDNESS
OF FRENCH POLICIES VIEWED IN A NORTH ATLANTIC CONTEXT.

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